

Message Text

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PAGE 01 BRASIL 01565 021954Z
ACTION ARA-14

INFO OCT-01 EUR-12 ISO-00 CPR-01 L-03 EB-08 AGRE-00
SS-15 NSC-05 CIAE-00 DODE-00 INR-10 NSAE-00 PA-02
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R 021417Z MAR 78
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 6311
INFO AMEMBASSY LONDON
AMEMBASSY SAN SALVADOR
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

UNCLAS BRASILIA 1565

E.O. 11652: N/A
TAGS: ETRD, BR
SUBJECT: BRAZILIAN PRESS REPORT ON CFTC ATTEMPT TO SERVE IBC PRESI-
DENT CALAZANS WITH SUBPOENA

1. SUMMARY. JORNAL DO BRASIL REPORTED ON CFTC ATTEMPT
TO SERVE IBC PRESIDENT CALAZANS WITH SUBPOENA DURING HIS
VISIT TO WASHINGTON. COVERAGE APPEARED
STRAIGHTFORWARD AND EMPHASIZED INDEPENDENT ROLE OF
AUTONOMOUS USG AGENCIES IN US-BRAZIL RELATIONS. END SUMMARY.

2. THE FEBRUARY 26 JORNAL DO BRASIL (RIO DE JANEIRO)
CARRIED AN ARTICLE TITLED "CARTER'S VISIT WILL NOT END
DIVERGENCES BETWEEN BRAZIL AND US" BLYLINED BY THE PAPER'S
WASHINGTON CORRESPONDENT N.D. SPINOLA. A LARGE PART OF
THE TEO-COLUMN ARTICLE WAS DEVOTED TO REPORTING AN
ALLEGED ATTEMPT MADE TO SERVE A CFTC SUBPOENA ON IBC
PRESIDENT CALAZANS-- IN THE US DURING
GOB MINISTER OF INDUSTRY AND COMMERCE
CALMON DE SA'S VISIT--TO TESTIFY AT
INVESTIGATIONS INTO POSSIBLE PRODUCER COUNTRY
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PAGE 02 BRASIL 01565 021954Z

MANIPULATIONS ON THE NEW YORK COFFEE MARKET DURING
1977.

3. SPINOLA SETS THE SCENE BY DESCRIBING THE LUNCH
HOSTED BY THE BRAZILIAN EMBASSY IN WASHINGTON TO
WHICH ASSISTANT SECRETARY KATAZ WAS INVITED. SPINOLA
CHARACTERIZED THE LUNCH AS AMICABLE AND WROTE THAT

ANY DISCUSSION ON COFFEE WAS FOCUSED ON LONG-TERM ISSUES; THERE WAS NO HINT THAT THE CFTC ISSUE WOULD FLAME UP. THE ARTICLE CLAIMS THAT KATZ CONSULTED INFORMALLY WITH THE BRAZILIAN EMBASSY REGARDING THE POSSIBILITY OF RECEIPT BY CALAZANS OF A CFTC SUBPOENA TO TESTIFY IN THE INVESTIGATION CONCERNING COSCAFE'S POSSIBLE CORNER ACTIVITIES ON THE NEW YORK COFFEE EXCHANGE DURING 1977.

4. SPINOLA REPORTS THAT ACCORDING TO THE BRAZILIAN EMBASSY THE SUBPOENA TO CALAZANS WAS NOT ACCEPTED AND THAT AMBASSADOR PINHEIRO EXPRESSED ASTONISHMENT TO THE DEPARTMENT OVER THE BREACH OF PROTOCOL: SINCE CALAZANS WAS IN THE US ON OFFICIAL GOB BUSINESS, THE DEPARTMENT WOULD HAVE HAD TO REQUEST VIA A DIPLOMATIC NOTE THAT CALAZANS' DIPLOMATIC IMMUNITIES BE SUSPENDED FOR THE SUBPOENA TO BE SERVED.

5. SPINOLA'S CONCLUSION REGARDING THIS EPISODE IS THAT IT WAS THE RESULT OF THE "SEMI-AUTONOMOUS RITUALS OF INDEPENDENT (USG) AGENCIES RATHER THAN A DESIRE BY THE USG TO OPEN OLD WOUNDS ON THE EVE OF PRESIDENT CARTER'S VISIT." HE FURTHER WROTE THAT THIS EVENT MAY DEMONSTRATE THAT US-BRAZIL CONFLICTS WOULD CONTINUE DUE TO ACTIONS WHICH, IN THE RELATIVELY MORE DECENTRALIZED USG (AS COMPARED UNCLASSIFIED

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PAGE 03 BRASIL 01565 021954Z

TO THE GOB), WILL CONTINUE TO OCCUR DESPITE THE BEST OF HIGH-LEVEL INTENTIONS.

6. EMBASSY REQUESTS BRIEF, FACTUAL ACCOUNT ON ALLEGED SERVING OF CITATION AS REPORTED BY SPINOLA.
JOHNSON

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